

Multifamily Q4 2022

YoY Chg 12-Mo. Forecast

5.4%

Vacancy Rate



157

Net Absorption, units



\$1,082

Effective Rent / Unit



(Overall, All Property Classes for Q4 2022)
Source: CoStar

ECONOMIC INDICATORS Q4 2022

YoY Chg 12-Mo. Forecast

505k

Omaha Employment



2.7%

Omaha Unemployment Rate



1.0%

Omaha Household Growth Rate



Source: BLS, BOC, Moody's Analytics, CoStar

*Dataset used for report has been updated to exclude outlying submarkets considered to be outside of the Omaha metro's core area.

ECONOMIC OVERVIEW:

Despite a slowing economy and tight labor market, Omaha continues to see job growth. There were 13,700 non-farm payroll positions added year-over-year (YOY) at the close of 2022. During the same time frame the local unemployment rate decreased by 10 basis points (bps), resting at 2.7% at the end of the fourth quarter. Omaha's jobless rate is still one of the lowest in the nation and is 100 bps below the national average of 3.7%. Omaha's median household income increased by \$3,300 throughout 2022, compared to the national average increase of \$2,800. Despite the wage increases, inflation has most American's feeling a financial pinch, as the cost of living increased in nearly every aspect. As inflation continues to rise, consumers have started tightening the reins on spending, as they've had to devote more of their budget to necessities such as groceries, rent and energy.

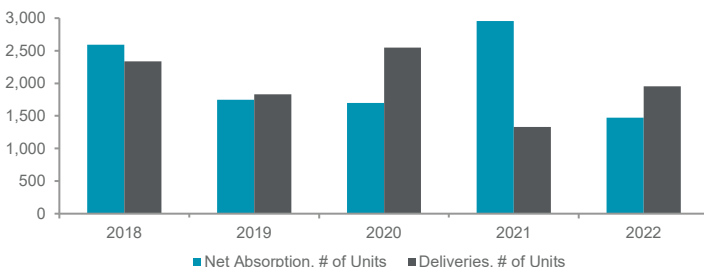
MARKET OVERVIEW:

Omaha's multifamily market absorbed 157 apartment units in the fourth quarter of 2022, for a total of 1,474 units in 2022. The overall vacancy ticked up to 5.4% in the last quarter of the year, increasing by 40 basis points (bps) year-over-year (YOY). The increased vacancy can be attributed to people being more cautious about their finances due to economic uncertainty and inflation. In an effort to alleviate some of the financial burden that renting an apartment brings, many renters have chosen to move back home. Others have combined households to lessen the financial burden, while some have chosen to hold off on moving out and creating new households. As economic confidence improves, and inflation declines, demand is expected to increase. There were 263 new units delivered in the fourth quarter, for a total of 1,954 units delivered in 2022. Another 4,747 rentals are currently in the construction pipeline.

PRICING:

Average effective rent growth in Omaha's apartment sector increased by 7.0% YOY, reaching \$1,082 per unit at year-end. The Elkhorn submarket continues to fetch the highest effective rent, with rents averaging \$1,338 per unit. The Gretna submarket experienced the most rent growth, increasing by 10.9% YOY. Gretna's average effective rent was recorded at \$1,125 per unit, at the close of the fourth quarter. The market continues to experience strong rent growth on the tailwinds of the pandemic, but with rising vacancy, it will likely pull back to more normalized levels.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	DELIVERIES (UNITS)	YOY % INVENTORY GROWTH	UNDER CONSTR (UNITS)	YTD NET ABSORPTION (UNITS)	VACANCY RATE	YOY VACANCY RATE CHANGE	AVG EFFECTIVE RENT/UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT GROWTH
Bellevue	92	0	2.1%	60	83	4.6%	0.9%	\$1,038	\$1.15	8.7%
Central Omaha	150	0	0.0%	295	22	3.4%	0.3%	\$1,043	\$1.14	5.5%
Council Bluffs	125	0	0.0%	0	-13	5.0%	0.3%	\$968	\$1.12	7.0%
Downtown Omaha	154	21	3.6%	488	136	6.9%	1.3%	\$1,193	\$1.39	5.1%
Elkhorn	36	0	9.2%	2,748	274	7.0%	2.8%	\$1,338	\$1.40	7.2%
Gretna	22	74	7.5%	0	205	14.3%	2.0%	\$1,125	\$1.26	10.9%
Midtown	551	0	1.3%	172	110	4.5%	0.3%	\$1,038	\$1.31	5.9%
Millard	39	0	2.3%	0	61	2.6%	0.5%	\$1,137	\$1.20	6.7%
North Omaha	203	0	1.0%	0	26	6.4%	0.7%	\$917	\$1.03	5.9%
Northwest Omaha	45	168	6.2%	33	8	7.8%	5.6%	\$1,298	\$1.24	5.6%
Papillion/La Vista	50	0	0.0%	555	331	3.8%	4.6%	\$1,181	\$1.26	7.8%
Ralston	48	0	0.0%	0	-5	4.2%	0.2%	\$928	\$1.03	8.8%
South Omaha	58	0	0.0%	0	7	1.2%	0.4%	\$668	\$0.90	2.8%
West Omaha	56	0	3.0%	396	229	6.4%	0.2%	\$1,202	\$1.32	6.9%
Omaha	1,629	263	2.2%	4,747	1,474	5.4%	0.4%	\$1,082	\$1.20	7.0%

Source: Cushman & Wakefield Research, CoStar

KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / \$ UNIT
6320-6410 S 72 nd St	Ralston	EPH 23, LLC/Harvest Development IV, LLC	48	\$4,000,000/\$83k
125 W Broadway	Council Bluffs	125 W Broadway, LLC/Kocv Fund I, LLC	36	\$3,670,000/\$102k
120 N 6 th St	Council Bluffs	KMC Properties, LLC/Samson Holdings Oz, LLC	30	\$1,087,000/\$36k

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